

COPY NO. 39

CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: APR 30 1951

- NOTE:
1. This summary of significant reports has been prepared primarily for the internal use of the Office of Current Intelligence. It does not represent a complete coverage of all current reports in CIA or in the Office of Current Intelligence.
 2. Comments represent the preliminary views of the Office of Current Intelligence.
 3. Marginal letter indications are defined as follows:
 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

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DIA AND DOS REVIEW COMPLETED

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SECTION 1 (SOVIET)

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"C" EASTERN EUROPE. BULGARIA. Internal Resistance Group Reported. [redacted] who crossed the Turkish border in January 1951 states that on approaching his village in March 1950 he was stopped by two men, armed with sub-machine guns, who invited him to join a subversive group "to fight Communists." He also said that he later learned from his father that about 40 well-armed peasants from villages near Belene (northeastern Bulgaria) were operating with the support of other peasants and had killed a number of Communist officials. [redacted] 25X1 COMMENT: Although no firm evidence of the existence of organized resistance bands in Bulgaria has been received recently, Yugoslav propaganda alleges that Bulgarian peasants are fleeing to the mountains to escape the arbitrary collectivization measures and that Bulgarian army deserters are escaping to the mountains near Sliven.

"C" UN Receives Charges of Hostile Western Provocations. For the second time within a month Bulgaria has filed a formal protest with the UN Secretariat charging hostile Greek provocations against Bulgaria. While the first protest of border violations was leveled only against the Greek Government, the second flatly alleged that the United States and Great Britain through their agencies in Greece directly sponsored, trained and equipped espionage agents who were returned to Bulgaria in the fall of 1949 and captured by Bulgarian authorities. The protest is based upon the trial of these alleged agents held in Sofia this month, which resulted in the death penalty for two of the defendants [redacted] 25X1

"C" FINLAND. Communists Threaten Lapplanders Over VOA. Information contained in a VOA listener's letter from Finnish Lappland indicates that local Communist leaders may be preventing the population from listening to VOA broadcasts. The local Communist leaders are apparently warning the Lappland population that listening to VOA is an act hostile to the USSR. [redacted] 25X1 COMMENT: This is the first report of this nature concerning the recently inaugurated VOA program to Finland. Finnish Lappland has been subjected to intensive Communist attention, and some of the Party's recent membership gains have occurred in the area. Finnish governmental authority in the region is tenuous.

"B" POLAND. Bierut Visit to Berlin Viewed as Significant. The recent state visit of Polish President Bierut to Eastern Germany may have had specific objectives in addition to promoting Polish-German friendship. The US Embassy Warsaw suggests that the ceremonial visit was made to soothe Polish apprehensions in connection with the rumored activation of twenty-five divisions by the GDR. Bierut was accompanied by the influential Under-Secretary of State Berman and by Minister of Finance Dambrowski. [redacted] 5X1 COMMENT: There is frequent evidence that the basic antipathy of the Polish and East German populations for one

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another remains undiminished despite the efforts of their Communist leaders. The structure and top-heavy personnel composition of the East German Alert Police units could permit them to expand, although the planned size of the enlarged units is not known.

"C" POLAND. Vatican Rumored to Have Accepted State's Reorganization of Church. US Embassy Warsaw reports that, according to rumors from Rome, the Vatican has agreed to accept the ecclesiastical reorganization by the Polish Government of the former German territories now under Polish administration. Last January the Polish Government preemptorily ousted the temporary Vatican approved administrators for the dioceses in the former German territories, and appointed individuals subservient to the government. According to the same reports, the Vatican will refuse further concessions such as appointment of permanent bishops to the dioceses in question. 25X1

COMMENT: Polish Catholic Primate Wyszynski is visiting the Vatican, with the sanction of the Polish Government, for the purpose of obtaining Vatican approval of the State's reorganization of the diocesan administration. Wyszynski approved the governmental changes in January without prior consultation with the Vatican. If the rumors are correct, the recent Vatican concession is significant. However, there have been no indications that the Vatican is willing to change its position of not formally recognizing the Polish "recovered territories."

"B" YUGOSLAVIA. Raw Material Shortages Causing Industrial Stoppages. All cotton mills in Croatia and Slovenia representing 77% of Yugoslav capacity are closed as a result of a critical cotton and coke shortage. Cotton mills in Serbia will also be forced to close by 5 May unless Greek cotton, for which Yugoslavia is currently negotiating, can be procured immediately. A Yugoslav official has stressed the importance of settling promptly all questions between the US and Yugoslavia regarding the recent US grant of \$29,000,000 for industrial raw materials and has presented a list of needed commodities totaling \$27,096,000. Many of the items on the list are available in Western Europe and the Near East. 25X1

COMMENT: The Yugoslavs are critically short in cotton, coke, industrial fats, newsprint, industrial chemicals and pharmaceuticals. The recent US and UK grants of \$29,000,000 and 4,000,000 pounds sterling respectively were made to solve temporarily these critical shortages.

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SECTION 2 (EASTERN)

"B" IRAN. Mossadeq Named Premier Following Parliamentary Vote Expropriating the Anglo-Iranian Oil Company (AIOC). Following the almost unanimous recommendation of the Lower House and the Senate, the Shah appointed Dr. Mohammed Mossadeq as Iran's new Premier. Mossadeq, National Front leader, started immediately (29 April) to form a cabinet and draft a party program. Mossadeq's first official act was to instruct the police not to publish a planned decree banning May Day demonstrations. [REDACTED]

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[REDACTED] COMMENT: Mossadeq's appointment as Premier illustrates the strength of the move to nationalize Iran's oil. As Premier he gives little promise of bringing stability to Iran. He will not have the Shah's support and it is doubtful that he can retain Majlis support for long. He himself is an impractical idealist. While he is reportedly not opposed to the employment of foreigners to assist Iran in managing its oil industry, he has been one of the leaders in the recent drive to force the immediate nationalization of the Anglo-Iranian Oil Company. Mossadeq's willingness to permit demonstrations on May Day is indicative of his rather unrealistic political philosophy. Unless he changes, radically, it is difficult to see how further deterioration of Iran's already critical economic situation can be avoided.

"B" NEAR EAST. Conference in Beirut of French Diplomatic Chiefs in the Near East Area. According to US Minister Pinkerton in Beirut, the French diplomatic chiefs at the second Near East regional conference, which opened in Beirut on 23 April, have been reviewing the general problems of the area. The French Ambassador to Cairo, M. de Murville, who is chairman of the Beirut conference, has publicly stated to the press that France is primarily interested in the defense of the Near East. Ambassador de Murville indicated that the conference would discuss the political, strategic, commercial, and cultural aspects of the area problems. [REDACTED]

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[REDACTED] COMMENT: France has been striving to regain its prewar position in the Near East, particularly in Syria and Lebanon. Arab reaction to the recent Moroccan incidents and to French policies in North Africa generally have made this aim more difficult to achieve. The concentration of the discussions on defense issues may be the result of French ire at being excluded from the recent US-UK strategic talks at Malta. The Beirut meetings will probably attempt to improve and coordinate French tactics in the area, particularly those which would strengthen an independent Syria and forestall any union of Syria with Iraq and/or Jordan.

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"B" AUSTRALIA. Liberal-Country Party Returned in House but Split Senate Indicated.

The Liberal-Country coalition Government was returned to power in the House by the 28 April election, but indications are that the Senate will be evenly divided with the Labor Party. The Government will have a House majority of 11 - 17 seats in comparison with its previous 27-vote margin. Three House seats are still in doubt. Senate votes are counted under a complicated proportional representation system and the outcome in the upper house may not be known for three weeks. The Communists failed to win a single seat in either house and appeared to be getting only about 2% of the total vote. [REDACTED]

COMMENT: Election results thus far indicate the Australian voter was more attracted by Labor's social welfare program and promises to halt inflation than by the Government's anti-Communist and preparedness efforts.

"C" BURMA. Workers and Peasants Party Accused of Communist Tie. U Kwaw Nyein, a Burmese cabinet member and prominent Socialist leader publicly accused the Burma Workers and Peasants Party (BWPP) of being in league with insurgent Communists, citing as evidence a local Communist broadcast calling on the Burmese people to vote for the BWPP in the coming elections. Meanwhile, it is reported that Burma's two Communist parties, which have been fighting each other for almost four years, are planning to hold a conference in the next few weeks at which the BWPP will also be represented. [REDACTED]

COMMENT: Kyaw Nyein's outburst is the first public intimation of BCP-BWPP liaison. Kyaw Nyein probably had more definite evidence than a Communist broadcast to support his statement, and it indicates that the Burmese Government is keeping the BWPP under close surveillance. A Communist conference, including the BWPP, is the logical outcome of reports indicating that the Chinese Communists desire a single Communist party in Burma to deal with before committing themselves to determined intervention in Burmese affairs.

"C" CHINA. Anti-Communist Activity in Central-South Area. The Peiping regime admits in a published report that 5,000 of its cadres were killed during 1950 by "remnant" anti-Communist forces in the Central-South area. [REDACTED]

COMMENT: The report concedes that the "remnant" forces are in fact "very great." There are an estimated 250-300,000 anti-Communist guerrillas still active in the Central-South area, as well as hundreds of thousands of "counter-revolutionaries," and the Peiping regime may be expected to lose a few thousand more of its functionaries in the area during 1951.

"C" Purge of Kwangtung Administration and Party. [REDACTED]

[REDACTED] a copy of a 10 January directive, from the CCP Central Committee to the Party HQ in Kwangtung, calling for a purge of the provincial administration and Party in January and February. The directive, noting that most of the Nationalist administrative apparatus had been retained by the Communists in Kwangtung as elsewhere, instructed

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the Party HQ to replace the bulk of these ex-Nationalist functionaries with "the Party's loyal cadres" and to reindoctrinate the remainder judged fit for retention. The document also directed the Party apparatus in Kwangtung--which has the "worst record as far as national Party discipline is concerned"--to resume its 'Disciplinary Readjustment' program. [] 25X1

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[] COMMENT: The document appears authentic. It has long been known that the Communists would replace Nationalist personnel with their own cadres as rapidly as feasible; this program has probably been accelerated by the "suppression of counter-revolutionaries campaign" now in process throughout China. It is also likely that the administrative and Party apparatus in Kwangtung are being especially hard hit by current security operations, as there is ample evidence that that province has offered greater resistance to Communist control than any other.

"C"

25X1C Delivery of Railroad Rolling Stock to Korea. [] 25X1C

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[] the Chinese Communist Ministry of Railways [] 25X1C
[] planned to dispatch 14 locomotives and 250 freight cars to Korea from China Proper between early February and 15 March. [] 25X1A

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[] COMMENT: Previous reports have indicated that military requirements for railroad transportation in Manchuria preclude sending railway equipment out of that area, although transfer of some rolling stock from China Proper is considered possible. As Korean rolling stock suffers damage or destruction by UN aircraft, replacement from China's railroads, which run on the same standard gauge as Korean railroads, can be made more rapidly than from the USSR, which uses broad gauge rolling stock.

"A"

KOREA. Communist May be Saving Their Air Arm for Strategic Reasons. The Intelligence Staff of the US Far Eastern Command, speculating on the "enemy's surprising failure to utilize his air arm in coordination with the current ground offensive", believes that, while intensive UN bombing of North Korean airfields and adverse weather conditions may have influenced the enemy's decision, the present enemy air inactivity could be a "deliberate stand-down for mechanical preparation". If this be the case, the enemy may be readying his air arm for "commitment when the forward drive of his present ground offensive fails" or for employment "in defense of supply lines as they are automatically extended, and thus countering what in past has proved his foremost vulnerability". [] 25X1

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[] COMMENT: Less than 50 Soviet-type MIG jet aircraft were encountered over northwestern Korea during the period of the current Communist offensive. Large-scale enemy air operations over North Korea in defense of lengthened Communist supply lines would serve the dual purpose of protecting the identity of the enemy's pilot personnel and of partially covering one of the enemy's greatest strategic weaknesses - his unprotected, extended lines of communication.

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"A" KOREA. Current Lack of Communist Aggressiveness Deceptive. The Intelligence Staff of the US Far Eastern Command in an estimate of the enemy's capabilities warns that the enemy's "quiescent attitude" of the past 48 hours "must not be construed as an indication he has spent his offensive effort". The estimate continues to say that all evidence points to an early resumption of the offensive and offers the extremely heavy southward vehicular movement in the enemy's rear as an indication of such intentions. [REDACTED]

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[REDACTED] COMMENT: Experience gained in the face of previous such Communist offensives in Korea indicate that rapid UN disengagement and withdrawal nullifies the enemy's weight of infantry manpower and forces him to regroup his forces before again continuing the offensive.

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SECTION 3 (WESTERN)

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"B"

FRANCE. Pleven Demands Immediate Popular Vote on Present Foreign Policy. Vice Premier Pleven declared unofficially yesterday that France can no longer delay a clear popular pronouncement for or against the present foreign policy. He added that the "key issue" in the forthcoming elections will be: 1) the government's program of collective security; 2) solidarity with the US and UK; and 3) unification of Europe. Meanwhile, according to US Embassy Paris, as long as electoral reform (narrowly defeated in the Assembly on 27 April) has a chance of passage

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this spring, the Queuille Government can be expected to remain in office.

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COMMENT:

Previous Government demands for early elections have been based principally on the urgent need of a new Assembly for adoption of an adequate anti-inflation program. Pleven's statement, however, calling for a showdown on the more fundamental program of support for the West is far more dangerous politically for the middle-of-the-road coalition parties because their emphasis on this controversial policy will give the Communists a greater electoral advantage.

"C" SPAIN. Police Adopt Extraordinary Precautions for May Day. According to press reports, Spanish police in Barcelona, Bilbao, Oviedo and Malaga have been reinforced as a precaution against possible May Day demonstrations in those cities. Leaflets calling for May Day demonstrations have been distributed in Barcelona, Bilbao and Malaga.

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Basque Nationalist leaders called the Bilbao general strike of 22-23 April in order to insure their control of the situation in the area and to forestall a possible Communist-led strike on 1 May.

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COMMENT: Leaders of the clandestine non-Communist opposition groups will probably make every effort

to prevent May Day workers' demonstrations, as the occurrence of such demonstrations would lend weight to the government's efforts to convince foreign and domestic opinion that the Bilbao and Barcelona strikes were the work of Communist agitators.

"C" DENMARK. Permission for World Peace Council to Hold Copenhagen Meeting

Explained. The Danish Government's decision to permit the 5-9 May meeting of the Executive Committee of the World Peace Council in Copenhagen was taken after full discussion by the Cabinet. Confronted with pointed inquiries by the US and UK embassies, the Danish Government informally explained its decision on the ground that the meeting involves only a brief business session without any particular propaganda goal.

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COMMENT: Although the meeting

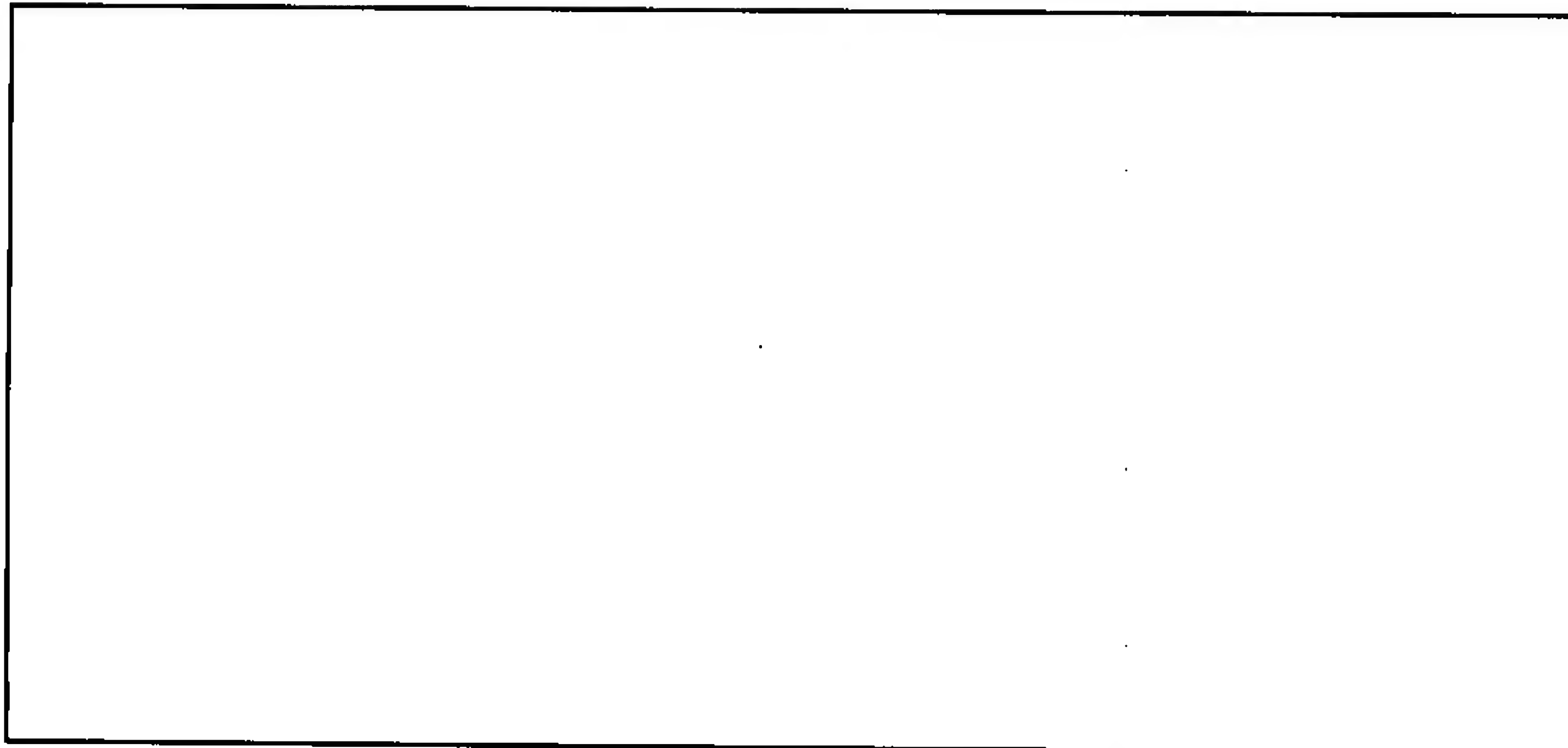
is expected to include less than 50 people, it is hardly likely that the Danish Government actually believes that the occasion will be devoid of propaganda value. The government's decision is to be attributed rather to the Danes' sensitiveness about their exposed geographical position and their consequent desire to avoid anything which they consider likely to increase tension between the East and the West by unnecessarily irritating the USSR and its satellites in secondary matters. There is no indication that the government would allow the World Peace Council to establish permanent headquarters in Copenhagen.

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IRELAND. Threat to Governmental Coalition Grows. The presentation of the budget on 2 May will occasion a test of the coalition government's continued ability to command a majority, despite recent defections. The stand of the 17 independent deputies in the 114-member Parliament will be decisive. Prime Minister Costello has made it known that if he does not receive assurance of the support of enough independents to produce a majority, he will ask for a dissolution which would cause a general election.

COMMENT: The government throughout its tenure of over three years has depended upon substantial independent support, as well as upon the cohesion of several politically diverse parties. During most of 1950 its parliamentary position was relatively strong, but in the fall it suffered several defections of independent deputies, and it has most recently been shaken by the resignation of the Minister of Health under controversy-provoking circumstances. The threat of an upset to the government, always present, is thus greater now than at any time since the fall of 1949. The policy questions involved are essentially of a domestic nature, and a change of government at this time would be unlikely to alter Ireland's neutrality policy in any significant way.

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CHILE. Communist May Day Demonstration Planned. The Minister of Interior has granted permission to the Communist Labor Confederation to hold a May Day demonstration, but has prohibited parading through the center of Santiago. The demonstration will call for unification of labor in one central organization and salary readjustments in accordance with the increase in the cost of living. Protest will be made against price increases, speculation, the Defense of Democracy Law, and "war pacts". President Gonzalez Videla stated that he had received reports of a plan designed to create violence.

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[REDACTED] COMMENT: Communist activity on May Day is favored by (1) the pre-election year political atmosphere, (2) recent better organized Communist overt operations, (3) labor unrest—particularly in the copper industry and the American-owned Chilean Electric Company in Santiago and Valparaiso, (4) continuing cost of living increases, and (5) an undercurrent of anti-US feeling in Chile. Astute maneuvering by Communists through the recently established "Committee to Oppose Price Increases" has whipped up considerable support for the demonstration. The government's proclamation of a state of emergency in Santiago and Valparaiso as a result of a strike by electric company employees and the alerting of troops will militate against the success of attempted violence on May Day.

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